

Message Text

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60

ORIGIN PM-04

INFO OCT-01 ARA-06 ISO-00 CIAE-00 INR-07 NSAE-00 L-03

OMB-01 TRSE-00 SP-02 MC-02 SS-15 NSC-05 EB-07 /053 R

DRAFTED BY PM/SAS:GSWEANY:RF

APPROVED BY PM/SAS - S. WINSHIP

ARA/PLC - MR. WILLIAMS

ARA/CEN - MR. WACKERBARTH

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R 311830Z DEC 75

FM SECSTATE WASHDC

TO AMEMBASSY SAN SALVADOR

INFO AMEMBASSY GUATEMALA

AMEMBASSY SAN JOSE

AMEMBASSY TEGUCIGALPA

SECDEF

USCINCSO

C O N F I D E N T I A L STATE 305427

E.O. 11652: GDS

TAGS: MASS, ES

SUBJECT: POLICY ON FMS CREDIT FOR PURCHASE OF CONSUMABLES

REF: SAN SALVADOR 5013

1. REFERENCE CONVEYED GOES REQUEST FOR USG APPROVAL OF FMS CREDIT PURCHASE OF LARGE STOCK OF AMMUNITION, USING FMS LOAN EXTENDED IN FY 1975.

2. DEPARTMENT APPRECIATES EMBASSY'S ANALYSIS OF AND AGREES WITH EMBASSY'S JUDGEMENT ON QUANTITY OF AMMUNITION TO BE SOLD. DEPARTMENT NOTES, HOWEVER, THAT ESTABLISHED WORLD-WIDE USG POLICY PROHIBITS CREDIT SALE OF CONSUMABLES, INCLUDING AMMUNITION. THE BASIS OF THIS POLICY IS OUR DESIRE TO AVOID FUNDING OPERATION AND MAINTENANCE COSTS OF ANY CREDIT RECIPIENTS, EXCEPT UNDER CLEAR EMERGENCY CONDITIONS.

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THE RATIONALE IS THAT FMS LOANS SHOULD BE USED ONLY TO

PURCHASE INVESTMENT ITEMS. CASH RESOURCES FREED BY CREDITS
MAY BE APPLIED TO OPERATING EXPENSES, CONSUMABLES, ETC.
THIS IS THE CLEAR INTENT OF LEGISLATION UNDER WHICH USG
MAKES FMS LOANS AVAILABLE.

3. AFTER INTERAGENCY REVIEW, FY 1975 FMS CREDITS IN THE
AMOUNT OF 3 MILLION DOLLARS WERE EXTENDED TO GOES TO
FINANCE ACQUISITION OF FOLLOWING ITEMS: PATROL BOATS;
AIR-GROUND COMMUNICATIONS EQUIPMENT; ARMORED VEHICLES;
AND ARMY COMMUNICATIONS EQUIPMENT. SHOULD GOES DESIRE
TO APPLY FY 1975 FMS CREDIT TO PURCHASE OF INVESTMENT
ITEMS OTHER THAN THOSE LISTED, WE WOULD BE PREPARED TO
CONSIDER REQUEST. HOWEVER, ANY FURTHER GOES INQUIRIES
RE PURCHASE OF SERVICES OR CONSUMABLES ON CREDIT BASIS
SHOULD BE DISCOURAGED. ROBINSON

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Message Attributes

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